

**BAKER  
DONELSON**  
BEARMAN, CALDWELL  
& BERKOWITZ, PC

MISTY SMITH KELLEY  
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T.R.A. DOCKET ROOM

September 10, 2003

1800 REPUBLIC CENTRE  
633 CHESTNUT STREET  
CHATTANOOGA, TENNESSEE 37450  
PHONE: 423.756.2010  
FAX: 423.756.3447

www.bakerdonelson.com

Tennessee Regulatory Authority  
Sara Kyle, Chairman  
460 James Robertson Parkway  
Nashville, TN 37243

DOCKET NO.

03-00520

**Re: In Re: Atmos Energy Corporation, Petition for Approval of Tariff 2nd Revised  
Sheet No. 57**

Dear Ms. Kyle:

Please find enclosed an original and fourteen copies of Petition of Atmos Energy Corporation for Approval of Franchise Agreements with Williamson County and Johnson City, Tennessee, along with the \$25 filing fee. Please stamp the extra copy "Filed" and return it to me in the enclosed, postage pre-paid envelope.

Thank you for your assistance in this matter. Should you have any questions, please do not hesitate to contact me at the above number.

Sincerely,

*Misty S. Kelley*  
Misty Smith Kelley by KIC

MSK:klc  
Enclosures

**BEFORE THE TENNESSEE REGULATORY AUTHORITY  
NASHVILLE, TENNESSEE**

IN RE: PETITION OF ATMOS ENERGY  
CORPORATION FOR APPROVAL OF  
FRANCHISE AGREEMENTS WITH  
WILLIAMSON COUNTY AND  
JOHNSON CITY, TENNESSEE

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DOCKET NO.

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**PETITION OF ATMOS ENERGY CORPORATION FOR APPROVAL OF  
FRANCHISE AGREEMENTS WITH  
WILLIAMSON COUNTY AND JOHNSON CITY, TENNESSEE**

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Atmos Energy Corporation ("Atmos") hereby petitions the Tennessee Regulatory Authority ("TRA") pursuant to Tenn. Code Ann. § 65-4-107 and requests approval of franchise agreements with Williamson County and Johnson City Tennessee. In support of this Petition, Atmos states the following:

1. Atmos is a corporation organized and existing under the laws of the State of Texas and the Commonwealth of Virginia, and qualified to do business in Tennessee. Atmos' principal place of business is located at 810 Crescent Centre Drive, Suite 600, Franklin, Tennessee 37067.

2. Atmos is engaged in the public utility business of furnishing natural gas to customers in numerous counties and cities in Tennessee.

3. On May 14, 2003, the County Board of Commissioners of Williamson County, Tennessee passed a resolution announcing its intent to enter into a license agreement granting a

non-exclusive franchise to Atmos to use the public rights-of-way of Williamson County for the purposes of operating and maintaining a natural gas transmission system. A copy of the resolution is attached hereto as Exhibit A. The license agreement granting the franchise was accepted by Atmos with an effective date of June 4, 2003. A copy of the license agreement is attached hereto as Exhibit B. The license agreement grants Atmos a franchise for the term of 15 years with a franchise fee of 5% of the annual gross revenues received by Atmos from the sale of natural gas to customers located within the unincorporated areas of the County.

4. The license agreement supersedes Atmos' previous franchise agreement with Williamson County which was due to expire in 2007. The previous franchise agreement did not contain a franchise fee.

5. The franchise grant from Williamson County embodied in the May 14, 2003 resolution and June 4, 2003 license agreement is necessary and proper for the public convenience and properly conserves the public interest.

6. In 1988, Johnson City, Tennessee, through Ordinance No. 2726, granted Atmos a franchise to use the public rights-of-way for the purposes of operating and maintaining a natural gas transmission system. The 1988 franchise was for a term of 25 years, and required a franchise fee of 2% of the annual gross revenues from Atmos' sales of gas to customers located within the City limits. Section 6 of the 1988 ordinance allowed the City to renegotiate the franchise fee every 5 years.

7. In 1997, Johnson City entered into negotiations with Atmos to modify the franchise fee pursuant to Section 6 of the 1988 ordinance. After the conclusion of negotiations,

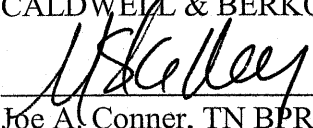
Johnson City passed Ordinance No. 3511 in August 1997, which provided that the franchise fee would be raised from 2% to 3% in September 1997, and would increase by 1% each year until it reached 5%. Through an oversight, however, the 1997 ordinance was not submitted to Atmos for formal acceptance, nor was it filed with the TRA. Atmos did begin collecting the 3% franchise fee in September 1997, but did not implement the subsequent increases.

8. On July 17, 2003, the Board of Commissioners of Johnson City passed Ordinance No. 3869-03, which amends the 1988 franchise ordinance to provide for a 3% franchise fee paid quarterly, and to extend the term of the franchise to 25 years from the date of enactment of the amendment. The 2003 ordinance also supersedes the 1997 ordinance to the extent that ordinance purported to increase the franchise fee above 3%. A copy of the 2003 ordinance is attached hereto as Exhibit C.

9. The franchise grant from Johnson City embodied in the July 17, 2003 ordinance is necessary and proper for the public convenience and properly conserves the public interest.

Wherefore, Atmos respectfully requests that the franchise agreements embodied in the attached resolution, license agreement, and ordinance be approved.

BAKER, DONELSON, BEARMAN  
CALDWELL & BERKOWITZ



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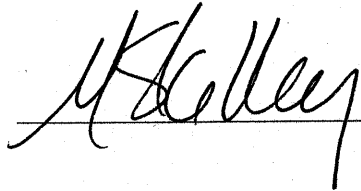
Joe A. Conner, TN BPR # 12031  
Misty Smith Kelley, TN BPR # 19450  
1800 Republic Centre  
633 Chestnut Street  
Chattanooga, TN 37450-1800  
(423) 209-4148  
(423) 752-9549  
mkelley@bakerdonelson.com  
Attorneys for Atmos Energy Corporation

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing has been mailed, postage prepaid, to the following parties of interest this 10th day of September, 2003.

Richard Collier  
General Counsel, Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37243-0505

Timothy C. Phillips  
Office of Attorney General and Reporter  
Consumer Advocate and Protection Division  
P.O. Box 20207  
Nashville, TN 37202



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**STATE OF TENNESSEE, WILLIAMSON COUNTY**

I, Elaine Anderson, County Clerk of Williamson County, do hereby certify that the foregoing is a true and perfect

copy of: A RESOLUTION GRANTING A FRANCHISE TO ATMOS ENERGY CORPORATION A LICENSE TO PROVIDE THE COUNTY OF WILLIAMSON, TENNESSEE, WITH NATURAL GAS SERVICE

as the same appears of record in Minute Book No. 21 Page        on file in my office at Franklin.

Witness my hand and seal, at office, this 16th day of May, 2003.

Elaine Anderson Clerk

By Martha Woodside D.C.

RESOLUTION NO. 5-03-3

**A RESOLUTION GRANTING A FRANCHISE TO ATMOS ENERGY CORPORATION A LICENSE TO PROVIDE THE COUNTY OF WILLIAMSON, TENNESSEE, WITH NATURAL GAS SERVICE**

**WHEREAS**, Tennessee State Law (T.C.A. § 65-4-105) allows local governing authorities the right to control and regulate service utilities, including operations and the use of rights of way and other properties; and,

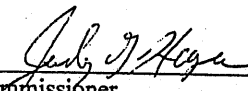
**WHEREAS**, Authority is also provided to require that franchise payments be made by the operating utility for the use of rights of way, streets, alleys, or other public places, and to help defray other expenses resulting from the operation of said utilities within the County; and

**WHEREAS**, Atmos Energy Corporation (hereinafter "Atmos" or "Grantee") is a corporation organized and existing under the laws of the State of Texas, and the Commonwealth of Virginia; and,

**WHEREAS**, Williamson County (hereinafter referred to as "County") wishes to grant Atmos, its successors and assigns, a License to use the roads highways, streets, avenues, alleys, lanes ways parkways, easements, rights of way, and other public grounds (hereinafter referred to as "roads") owned by Williamson County for the purposes of operating, maintaining and constructing a system of gas mains and service pipes for the transmission and distribution of natural gas to Williamson County residents.

**NOW, THEREFORE, BE IT RESOLVED**, by the Board of Commissioners of Williamson County, meeting in regular session on this the 12<sup>th</sup> day of May 2003, hereby expresses its intent to enter into a license agreement with Atmos Energy Corporation for the service of natural gas, pursuant to the provisions of the License Agreement, which is incorporated herein and attached herewith.

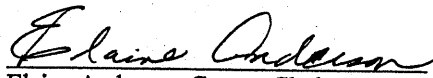
**AND, LET IT FURTHER BE RESOLVED**, The License Agreement shall be deemed effective upon certification to Williamson County that all the provisions of the specified resolutions as well as the License Agreement are understood and will be strictly adhered to.

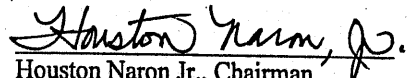
  
Commissioner

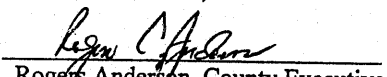
Committee Referred to & Action Taken:

1. Budget Committee	For 5	Against 0	Abstain
2. Highway Commission	For 5	Against 0	Abstain
3. Tax Study Committee	For 3	Against 0	Abstain
4. Property Committee	For 6	Against 0	Abstain

Commission Action Taken: For 24 Against 0 Pass 0 Out 0

  
Elaine Anderson, County Clerk

  
Houston Naron Jr., Chairman

  
Rogers Anderson, County Executive

5/14/03  
Date

LICENSE AGREEMENT

THIS LICENSE AGREEMENT is made on the \_\_\_\_ day of \_\_\_\_\_, 2003, by and between the COUNTY OF WILLIAMSON, TENNESSEE (hereinafter "County" or "Williamson County") and ATMOS ENERGY CORPORATION, a Texas and Virginia corporation, (hereinafter "Atmos" or "Atmos").

1. **Grant.** Williamson County, in consideration of the payments to be made by Atmos to Williamson County hereunder, of the covenants and agreements made by Atmos herein, and for other good and valuable consideration, receipt of which is hereby acknowledged, does hereby grant to Atmos, its successors and assigns, the non-exclusive license, right, authority, privilege and franchise to provide natural gas service to the County of Williamson, Tennessee (hereinafter referred to as "County" or "Williamson County"), and in the providing of such natural gas service to construct, maintain and operate a system of gas mains, service pipes, regulator stations and all other necessary and appropriate equipment and facilities for the distribution of gas, in, upon, under, along, across and over the highways, streets, avenues, roads, alleys, lanes, ways, (hereinafter collectively referred to as "county road(s)") utility easements, parkways and other public grounds owned or controlled by dedicated easement(s) to Williamson County, in the present or futures limits of the County, for the supplying and selling of gas and gas by-products to Williamson County and the inhabitants, institutions and businesses in the County, and for such other purposes to construct, lay down, maintain and operate all necessary gas mains, service pipes and other appliances, fixtures and facilities as may be necessary for the transmission, distribution and sale of such to said County and the inhabitants thereof for domestic, commercial, industrial and institutional uses, and other purposes for which it is or may hereafter be used.
2. **Term.** The term of this License shall be for a period of fifteen (15) years from and after the last date of execution hereof by either party hereto. No execution of this License by Williamson County shall be effective unless and until this License, together with authorization for execution hereof on behalf of Williamson County, has been approved and ratified by resolution duly adopted and passed in accordance with applicable law by Williamson County's governing body.
3. **Fee.** In consideration for the grant of the rights and privileges herein contained in this License Agreement, Atmos shall, during the term hereof, pay to Williamson County Five percent ( 5 %) of the annual gross revenues received by Atmos from the sale of natural gas to all customers of Atmos who are located within the unincorporated areas of the County, hereinafter referred to as the "Fee". Notwithstanding anything herein to the contrary, the total amount of the Fee shall never exceed five percent (5%) of Atmos's gross revenues received from the sale of natural gas to all customers of Atmos who are located within the unincorporated areas of the County. The obligation of Atmos to pay the Fee shall begin thirty (30) days from the effective date of this License. The payment of the Fee shall be due on a quarterly basis and the first payment shall be made by Atmos within thirty (30) days after the first full calendar quarter during which the Fee is payable. Thereafter, payment shall be due on the last day of the month following each calendar quarter. Atmos shall furnish to Williamson County an annual report showing the amount of its sales within the unincorporated areas of the County. Williamson County shall have access at all reasonable



times to the appropriate books and records of Atmos for the purpose of ascertaining the amount due Williamson County under this paragraph. It is understood that the rates and charges fixed by Atmos for natural gas sold in the County and all other services rendered and to be rendered and the conditions thereof for such service shall be in accordance with the requirements of and subject to the approval of the Tennessee Regulatory Authority (hereinafter "TRA") or its successors. Pursuant to T.C.A. §65-4-105(e), Atmos shall pass the Fee through as a line item charge on the bills of Atmos's customers served by Atmos in the unincorporated areas of the County. Atmos shall not be liable for the Fee, or any portion thereof, if it is not collected from the customers served by Atmos in the unincorporated areas of the County.

4. **Construction of Facilities.** All gas mains, service pipes, fixtures and other appliances so laid, constructed and maintained by virtue of this License shall be so laid, constructed and maintained in accordance with Williamson County's regulations governing construction permits, surety requirements, licensing of contractors, cutting public roads, construction requirements and subdivision regulations, and all applicable engineering codes adopted or approved by the natural gas distribution industry and/or engineering profession and in accordance with any applicable statutes of the State of Tennessee governmental regulatory commission, board or agency having jurisdiction over Atmos.

a. All gas mains, service pipes, fixtures and other appliances shall be constructed as not to interfere with the drainage of County or unreasonably interfere with or injure any sewer or any other improvement which County has heretofore made or allowed to be made, or may hereafter make or allow in, upon or along any county road, utility easement, parkway, or other public ground, or unnecessarily impede or obstruct such highways, streets, avenues, roads, alleys, lanes, ways, utility easements, parkways and other public grounds of said County, and shall conform to the grade as then or thereafter established.

b. No construction of gas mains, service pipes, fixtures and other appliances shall interfere with or injure any county road.

c. Atmos agrees to utilize existing public or private right-of-way whenever practical before resorting to the right of condemnation to which the Atmos may be entitled to utilize by law.

5. **Bond.** During the term hereof, Atmos shall continuously maintain a surety bond to the County Highway Commission in a minimum amount of Five Thousand and No/100 Dollars (\$5,000.00). The surety bond must be issued by a surety reasonably acceptable to Williamson County and able to do business in the State of Tennessee. In the alternative to a surety bond, Atmos may present Williamson County with a letter of credit or certified check in an equivalent amount and either of which must be issued by a financial institution reasonably acceptable to Williamson County and having within fifty (50) miles of Franklin, Tennessee, an office or branch authorized to accept a demand or "call" on the securing document.

6. **Street Safety.** When any county road or other public way is opened by Atmos, or any other opening is made by Atmos within the County, whether the same be made for the

purpose of laying, constructing, replacing or repairing the mains, pipes and other appliances and fixtures of Atmos, Atmos shall place and maintain necessary safety devices, barriers, lights, warnings and/or other control measures (such as flag men) to properly notify third parties of any dangers resulting from such openings, and Atmos shall comply with all applicable safety regulations required by federal, state and local laws.

7. Grade. In the event it becomes necessary or expedient for Williamson County to change the course or grade of any county road or other public ground in which Atmos is maintaining gas mains, pipes or other appliances and fixtures, then, upon the written request of Williamson County, Atmos will remove or change the location or depth of such mains, pipes or other appliances and fixtures, as necessary to conform to the proposed street alteration. In addition, at the request of Williamson County, Atmos will mark the location of the gas pipes or other appliances.

8. Approval of Williamson County. Whenever Atmos wishes to enter upon any county road, utility easement, parkway or other public ground for the purpose of constructing, replacing or repairing any gas mains, pipes or other appliances, it will notify Williamson County, obtain any appropriate permissions or permits, and file with the appropriate department of Williamson County a plan or map of the proposed work.

a. No such work shall commence until approval is received from the Williamson County's Highway Superintendent or designated representative. Whenever any county road, utility easement, parkway or other public way shall be entered, dug up or disturbed by Atmos, Atmos shall, at its expense and as soon as possible after the work is completed, restore such county road, utility easement, parkway or other public ground in as good condition as existed before the work was done and to the reasonable satisfaction of Williamson County. Should any damage whatsoever occur to any county road by Atmos, it shall be Atmos' sole responsibility to repair/replace the damaged section in accordance with County standards.

b. In the event the Atmos shall fail to fulfill its obligation under this paragraph, Williamson County, after giving Atmos thirty (30) days written notice and failure of Atmos thereafter to make such repairs or restoration, may make the necessary restoration or repairs itself and Atmos shall be liable for the cost of same. Should Atmos fail to reimburse County for such repair/replacement then that shall be a material breach of this agreement and County shall have the right to terminate this agreement immediately. Such termination shall not relieve Atmos of any liability to County for damages sustained by virtue of any breach by Atmos. Should County take legal action to enforce this provision of the License Agreement, Atmos shall pay all expenses of such action including County's attorney fees and costs at all stages of the litigation.

c. The provisions of this section shall not be applied or interpreted in such a way as to prevent or delay Atmos from performing work that may be required as a result of any emergency, leak or other immediate hazard or danger. Likewise, the provisions of this paragraph anticipate that Atmos shall not be unreasonably denied permission to perform necessary work. The fact that any work done by Atmos may

be considered an emergency shall in no way release Atmos from its responsibility to repair/replace any damage to any county road, utility easement, parkway or other public ground or reimburse County should the repair/replacement be unsatisfactory.

9. **Maps.** A map of the Atmos's existing distribution system within the County shall be provided to the County Engineer within 30 days of the execution of this agreement. Construction plans shall be filed with the County Engineer at least ten (10) days prior to commencing initial construction or any major additions to said distribution system. Atmos shall file a complete "as built" system map with Williamson County, within a reasonable time of such request, but no less frequently than every twelve (12) months, and not more frequently than twice in any 12-month period, showing the location of Atmos's facilities within the County.

10. **Easements.** Nothing herein contained shall be construed as preventing Atmos from installing, placing, replacing, taking up, repairing or removing gas pipes, mains, service pipes or other devices for furnishing gas services, from using any easements for gas service which are shown on any plats or any portion of the County heretofore or hereafter platted or recorded or any such easement which may hereafter be created, granted or dedicated for any such utility purposes by any person, firm or corporation whatsoever subject to paragraph 8 of this License Agreement.

11. **Local Office or Agent.** a. During the term of this License, Atmos shall maintain within the County a business office or agent for the purpose of receiving and resolving any complaints regarding the quality of Atmos's service, new service equipment malfunction and similar matters. A local office or agency maintained by Atmos within any municipality situated within the County shall suffice for purposes of this paragraph. Said office shall be open to receive inquiries or complaints from subscribers during normal business hours (but in no event less than 9:00 a.m. to 4:00 p.m.) Monday through Friday, excluding holidays when Atmos's offices are customarily closed for business. Any complaints from subscribers may be made orally or in writing and shall be investigated and acted upon as soon as possible, but at least within ten (10) calendar days of their receipt.

a. Atmos shall keep a maintenance service log which will indicate the nature of each service complaint, a date and time it was received, the disposition of said complaint and the date and time of such disposition. This log shall be made available for inspection by Williamson County at any time during regular business hours. Atmos shall also provide a telephone number at which subscribers may contact Atmos or an agent of Atmos on a twenty-four (24) hour basis in the event of emergencies, and Atmos shall list such number in the city telephone directory and Atmos shall notify its subscribers of such service. The procedure for reporting and resolving complaints shall be stated in writing by Atmos to each subscriber.

b. Atmos shall maintain the staff and facilities needed to handle property system maintenance and complaints or malfunctions at other than normal business hours.

12. **Force Majeure.** Notwithstanding anything expressly or impliedly to the contrary contained herein, in the event Atmos is prevented, wholly or partially, from complying with any obligation or undertaking contained herein by reason of any event of force majeure, then, while so prevented, compliance with such obligations or undertakings shall be suspended. The term *force majeure*, as used herein, shall mean any cause not reasonably within Atmos's control and includes, but is not limited to, acts of God, strikes, lock-outs, wars, riots, orders or decrees of any lawfully constituted federal, state or local body, contagions or contaminations hazardous to human life or health, fires, storms, floods, wash-outs, explosions, breakages or accidents to machinery or lines of pipe, inability to obtain or the delay in obtaining rights-of-way, materials, supplies or labor permits, temporary failures of gas supply, or necessary repair, maintenance or replacement of facilities used in the performance of the obligations hereunder.

13. **Indemnity.** Atmos shall at all times indemnify and hold harmless Williamson County from and against any and all lawful claims for injury to any person or property by reason of the Atmos or its employees' failure to exercise due care and diligence in and about the installing and maintenance of Atmos's natural gas system within the County, guarding trenches and excavation while said system is being installed or subsequent extensions, repairs or alterations are being made or generally in the operation and maintenance of said system, provided the Atmos shall have been notified in writing of any claim against Williamson County, and shall have been afforded the opportunity to defend same.

14. **Rules and Regulations.** This License may from time to time be subject to rules and regulations adopted by any regulatory body having jurisdiction thereof during the term of this License and may also be subject to all rules and regulations adopted and approved by the TRA, Williamson County or any other regulatory body. If considered appropriate by Williamson County, such rules and regulations may become a part of this License by resolution duly adopted and approved by the governing body of Williamson County in accordance with applicable law. Notwithstanding anything herein contained to the contrary, Atmos shall not be obligated or required to make any extension of distribution mains or service lines except in accordance with the provisions relating thereto adopted or approved by the TRA, or any other regulatory body having jurisdiction thereof during the term of this License.

15. **TRA Approval.** The parties hereto acknowledge that this License is subject to approval by the TRA. Atmos shall be responsible for seeking such approval and shall pursue the approval hereof through all administrative and appellate levels.

16. **Invalidity.** If any term, provision or condition of this License shall hereafter be declared or determined by any court of competent authority to be invalid or is not approved by the TRA, the parties, at their election, may ratify or conform the remaining provisions, terms or conditions hereof and, upon such ratification or confirmation, the remaining portions of this License shall remain in full force and effect. If the price for the License Agreement, or any portion thereof, is not approved by the TRA or declared by any court of competent jurisdiction to be declared to be invalid or uncollectible by Williamson County, then the parties agree to amend this License to provide an alternative measure of compensation to

Williamson County which yields an equivalent or approximate equivalent amount of compensation to Williamson County.

17. **Law Governing.** This License shall be interpreted and construed in accordance with the laws of the State of Tennessee.

18. **Compliance with Laws.** Atmos agrees to comply with any and all applicable federal, state and local laws and regulations. Atmos shall not subscribe to any personnel policy which permits or allows for the promotion, demotion, employment, dismissal or laying off of any individual due to race, creed, color, national origin, age, sex, or which is in violation of applicable laws concerning the employment of individuals with disabilities.

19. **Maintenance of Records.** The books, records, and documents of Atmos, insofar as they relate to work performed or money received under the License Agreement, shall be maintained for a period of three (3) full years from the date of final payment and will be subject to audit, at any reasonable time and upon reasonable notice by County or its duly appointed representatives. The records shall be maintained in accordance with generally accepted accounting principles.

20. **Modification of License Agreement.** This License Agreement may be modified only by written amendment executed by all parties and their signatories hereto.

21. **Partnership/Joint Venture.** Nothing herein shall in any way be construed or intended to create a partnership or joint venture between the parties or to create the relationship of principal and agent between or among any of the parties. None of the parties hereto shall hold itself out in a manner contrary to the terms of this paragraph. No party shall become liable for any representation, act or omission of any other party contrary to the terms of this paragraph.

22. **Waiver.** No waiver of any provision of this License Agreement shall affect the right of any party thereafter to enforce such provision or to exercise any right or remedy available to it in the event of any other default.

23. **Insurance.** During the term of this Contract, Atmos shall, at its own cost and expense, maintain Comprehensive General Liability Insurance. A certificate of insurance, in a form satisfactory to County, evidencing said coverage shall be provided to County prior to commencement of performance of this Contract. Such policies or policies shall be in the minimum amount of Two Million Dollars (\$2,000,000.00) for bodily injury or death to one person, and Two Million Dollars (\$2,000,000.00) for bodily injury or death of any two or more persons resulting from one occurrence, Two Million Dollars (\$2,000,000.00) for property damage resulting from one accident, Two Million Dollars (\$2,000,000.00) for excess commercial liability, and Two Million Dollars (\$2,000,000.00) for workers' compensation employer liability. Atmos shall provide any additional workers' compensation coverage in accordance with applicable law. Such policies shall be non-cancelable except upon thirty (30) days prior written notice to the County. Throughout the term of this

contract, Atmos shall provide an updated certificate of insurance upon expiration of the current certificate.

24. **Attorney Fees.** Atmos agrees that, in the event Williamson County deems it necessary to take legal action to enforce any provision of the License Agreement, and in the event County prevails, Atmos shall pay all expenses of such action including County's attorney fees and costs at all stages of the litigation.

25. **Assignment—Consent Required.** The provisions of this License Agreement shall inure to the benefit of and shall be binding upon the respective successors and assignees of the parties hereto. Neither this License Agreement nor any of the rights and obligations of Atmos hereunder shall be assigned or transferred in whole or in part without the prior written consent of County. Any such assignment or transfer shall not release Atmos from its obligations hereunder.

26. **Venue.** Any action between the parties arising from this agreement shall be maintained in the courts of Williamson County, Tennessee.

27. **Effective Date.** This License Agreement shall not be binding upon the parties until it has been signed first by Atmos and then by the authorized representatives of the Williamson County and has been filed in the office of the County Executive. When it has been so signed and filed, this contract shall be effective as of the date first written above.

28. **Entire Agreement.** This License reflects the complete agreement between the parties and supersedes all prior oral and written understandings with respect to the subject matter hereof. This License may only be amended or modified in writing signed by both parties hereto and approved and ratified by the governing body of Williamson County.

29. **Successors and Assigns.** All the privileges given and obligations created by this License shall be binding upon the successors and assigns of Atmos.

DATED AND EFFECTIVE as of the last date written below.

<b>WILLIAMSON COUNTY:</b>	<b>ATMOS ENERGY CORPORATION:</b>
_____	<b>BY:</b> _____
<b>County Executive</b>	<b>Name:</b> _____
<b>APPROVED AS TO INSURANCE:</b>	<b>Title:</b> _____
_____	<b>Sworn to and subscribed to before me, a</b>
<b>Risk Management</b>	<b>Notary Public, this _____ day of</b>
<b>APPROVED AS TO FORM AND LEGALITY:</b>	<b>_____, 200____, by</b>
_____	<b>_____, the</b>
<b>County Attorney</b>	<b>_____ of Atmos and</b>
<b>FILED IN THE OFFICE OF THE COUNTY EXECUTIVE:</b>	<b>duly authorized to execute this instrument</b>
<b>Date:</b> _____	<b>on Atmos's behalf.</b>
	<b>Notary Public</b>
	<b>My Commission Expires</b> _____

ATMOS:

ATMOS ENERGY CORPORATION

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

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## LICENSE AGREEMENT

THIS LICENSE AGREEMENT is made on the 4<sup>th</sup> day of JUNE, 2003, by and between the COUNTY OF WILLIAMSON, TENNESSEE (hereinafter "County" or "Williamson County") and ATMOS ENERGY CORPORATION, a Texas and Virginia corporation, (hereinafter "Atmos" or "Atmos").

1. **Grant.** Williamson County, in consideration of the payments to be made by Atmos to Williamson County hereunder, of the covenants and agreements made by Atmos herein, and for other good and valuable consideration, receipt of which is hereby acknowledged, does hereby grant to Atmos, its successors and assigns, the non-exclusive license, right, authority, privilege and franchise to provide natural gas service to the County of Williamson, Tennessee (hereinafter referred to as "County" or "Williamson County"), and in the providing of such natural gas service to construct, maintain and operate a system of gas mains, service pipes, regulator stations and all other necessary and appropriate equipment and facilities for the distribution of gas, in, upon, under, along, across and over the highways, streets, avenues, roads, alleys, lanes, ways, (hereinafter collectively referred to as "county road(s)") utility easements, parkways and other public grounds owned or controlled by dedicated easement(s) to Williamson County, in the present or futures limits of the County, for the supplying and selling of gas and gas by-products to Williamson County and the inhabitants, institutions and businesses in the County, and for such other purposes to construct, lay down, maintain and operate all necessary gas mains, service pipes and other appliances, fixtures and facilities as may be necessary for the transmission, distribution and sale of such to said County and the inhabitants thereof for domestic, commercial, industrial and institutional uses, and other purposes for which it is or may hereafter be used.
2. **Term.** The term of this License shall be for a period of fifteen (15) years from and after the last date of execution hereof by either party hereto. No execution of this License by Williamson County shall be effective unless and until this License, together with authorization for execution hereof on behalf of Williamson County, has been approved and ratified by resolution duly adopted and passed in accordance with applicable law by Williamson County's governing body.
3. **Fee.** In consideration for the grant of the rights and privileges herein contained in this License Agreement, Atmos shall, during the term hereof, pay to Williamson County Five percent ( 5 %) of the annual gross revenues received by Atmos from the sale of natural gas to all customers of Atmos who are located within the unincorporated areas of the County, hereinafter referred to as the "Fee". Notwithstanding anything herein to the contrary, the total amount of the Fee shall never exceed five percent (5%) of Atmos's gross revenues received from the sale of natural gas to all customers of Atmos who are located within the unincorporated areas of the County. The obligation of Atmos to pay the Fee shall begin thirty (30) days from the effective date of this License. The payment of the Fee shall be due on a quarterly basis and the first payment shall be made by Atmos within thirty (30) days after the first full calendar quarter during which the Fee is payable. Thereafter, payment shall be due on the last day of the month following each calendar quarter. Atmos shall furnish to Williamson County an annual report showing the amount of its sales within the unincorporated areas of the County. Williamson County shall have access at all reasonable

times to the appropriate books and records of Atmos for the purpose of ascertaining the amount due Williamson County under this paragraph. It is understood that the rates and charges fixed by Atmos for natural gas sold in the County and all other services rendered and to be rendered and the conditions thereof for such service shall be in accordance with the requirements of and subject to the approval of the Tennessee Regulatory Authority (hereinafter "TRA") or its successors. Pursuant to T.C.A. §65-4-105(e), Atmos shall pass the Fee through as a line item charge on the bills of Atmos's customers served by Atmos in the unincorporated areas of the County. Atmos shall not be liable for the Fee, or any portion thereof, if it is not collected from the customers served by Atmos in the unincorporated areas of the County.

4. **Construction of Facilities.** All gas mains, service pipes, fixtures and other appliances so laid, constructed and maintained by virtue of this License shall be so laid, constructed and maintained in accordance with Williamson County's regulations governing construction permits, surety requirements, licensing of contractors, cutting public roads, construction requirements and subdivision regulations, and all applicable engineering codes adopted or approved by the natural gas distribution industry and/or engineering profession and in accordance with any applicable statutes of the State of Tennessee governmental regulatory commission, board or agency having jurisdiction over Atmos.

a. All gas mains, service pipes, fixtures and other appliances shall be constructed as not to interfere with the drainage of County or unreasonably interfere with or injure any sewer or any other improvement which County has heretofore made or allowed to be made, or may hereafter make or allow in, upon or along any county road, utility easement, parkway, or other public ground, or unnecessarily impede or obstruct such highways, streets, avenues, roads, alleys, lanes, ways, utility easements, parkways and other public grounds of said County, and shall conform to the grade as then or thereafter established.

b. No construction of gas mains, service pipes, fixtures and other appliances shall interfere with or injure any county road.

c. Atmos agrees to utilize existing public or private right-of-way whenever practical before resorting to the right of condemnation to which the Atmos may be entitled to utilize by law.

5. **Bond.** During the term hereof, Atmos shall continuously maintain a surety bond to the County Highway Commission in a minimum amount of Five Thousand and No/100 Dollars (\$5,000.00). The surety bond must be issued by a surety reasonably acceptable to Williamson County and able to do business in the State of Tennessee. In the alternative to a surety bond, Atmos may present Williamson County with a letter of credit or certified check in an equivalent amount and either of which must be issued by a financial institution reasonably acceptable to Williamson County and having within fifty (50) miles of Franklin, Tennessee, an office or branch authorized to accept a demand or "call" on the securing document.

6. **Street Safety.** When any county road or other public way is opened by Atmos, or any other opening is made by Atmos within the County, whether the same be made for the

purpose of laying, constructing, replacing or repairing the mains, pipes and other appliances and fixtures of Atmos, Atmos shall place and maintain necessary safety devices, barriers, lights, warnings and/or other control measures (such as flag men) to properly notify third parties of any dangers resulting from such openings, and Atmos shall comply with all applicable safety regulations required by federal, state and local laws.

7. **Grade.** In the event it becomes necessary or expedient for Williamson County to change the course or grade of any county road or other public ground in which Atmos is maintaining gas mains, pipes or other appliances and fixtures, then, upon the written request of Williamson County, Atmos will remove or change the location or depth of such mains, pipes or other appliances and fixtures, as necessary to conform to the proposed street alteration. In addition, at the request of Williamson County, Atmos will mark the location of the gas pipes or other appliances.

8. **Approval of Williamson County.** Whenever Atmos wishes to enter upon any county road, utility easement, parkway or other public ground for the purpose of constructing, replacing or repairing any gas mains, pipes or other appliances, it will notify Williamson County, obtain any appropriate permissions or permits, and file with the appropriate department of Williamson County a plan or map of the proposed work.

a. No such work shall commence until approval is received from the Williamson County's Highway Superintendent or designated representative. Whenever any county road, utility easement, parkway or other public way shall be entered, dug up or disturbed by Atmos, Atmos shall, at its expense and as soon as possible after the work is completed, restore such county road, utility easement, parkway or other public ground in as good condition as existed before the work was done and to the reasonable satisfaction of Williamson County. Should any damage whatsoever occur to any county road by Atmos, it shall be Atmos' sole responsibility to repair/replace the damaged section in accordance with County standards.

b. In the event the Atmos shall fail to fulfill its obligation under this paragraph, Williamson County, after giving Atmos thirty (30) days written notice and failure of Atmos thereafter to make such repairs or restoration, may make the necessary restoration or repairs itself and Atmos shall be liable for the cost of same. Should Atmos fail to reimburse County for such repair/replacement then that shall be a material breach of this agreement and County shall have the right to terminate this agreement immediately. Such termination shall not relieve Atmos of any liability to County for damages sustained by virtue of any breach by Atmos. Should County take legal action to enforce this provision of the License Agreement, Atmos shall pay all expenses of such action including County's attorney fees and costs at all stages of the litigation.

c. The provisions of this section shall not be applied or interpreted in such a way as to prevent or delay Atmos from performing work that may be required as a result of any emergency, leak or other immediate hazard or danger. Likewise, the provisions of this paragraph anticipate that Atmos shall not be unreasonably denied permission to perform necessary work. The fact that any work done by Atmos may

be considered an emergency shall in no way release Atmos from its responsibility to repair/replace any damage to any county road, utility easement, parkway or other public ground or reimburse County should the repair/replacement be unsatisfactory.

9. **Maps.** A map of the Atmos's existing distribution system within the County shall be provided to the County Engineer within 30 days of the execution of this agreement. Construction plans shall be filed with the County Engineer at least ten (10) days prior to commencing initial construction or any major additions to said distribution system. Atmos shall file a complete "as built" system map with Williamson County, within a reasonable time of such request, but no less frequently than every twelve (12) months, and not more frequently than twice in any 12-month period, showing the location of Atmos's facilities within the County.
10. **Easements.** Nothing herein contained shall be construed as preventing Atmos from installing, placing, replacing, taking up, repairing or removing gas pipes, mains, service pipes or other devices for furnishing gas services, from using any easements for gas service which are shown on any plats or any portion of the County heretofore or hereafter platted or recorded or any such easement which may hereafter be created, granted or dedicated for any such utility purposes by any person, firm or corporation whatsoever subject to paragraph 8 of this License Agreement.
11. **Local Office or Agent.** a. During the term of this License, Atmos shall maintain within the County a business office or agent for the purpose of receiving and resolving any complaints regarding the quality of Atmos's service, new service equipment malfunction and similar matters. A local office or agency maintained by Atmos within any municipality situated within the County shall suffice for purposes of this paragraph. Said office shall be open to receive inquiries or complaints from subscribers during normal business hours (but in no event less than 9:00 a.m. to 4:00 p.m.) Monday through Friday, excluding holidays when Atmos's offices are customarily closed for business. Any complaints from subscribers may be made orally or in writing and shall be investigated and acted upon as soon as possible, but at least within ten (10) calendar days of their receipt.
  - a. Atmos shall keep a maintenance service log which will indicate the nature of each service complaint, a date and time it was received, the disposition of said complaint and the date and time of such disposition. This log shall be made available for inspection by Williamson County at any time during regular business hours. Atmos shall also provide a telephone number at which subscribers may contact Atmos or an agent of Atmos on a twenty-four (24) hour basis in the event of emergencies, and Atmos shall list such number in the city telephone directory and Atmos shall notify its subscribers of such service. The procedure for reporting and resolving complaints shall be stated in writing by Atmos to each subscriber.
  - b. Atmos shall maintain the staff and facilities needed to handle property system maintenance and complaints or malfunctions at other than normal business hours.

12. **Force Majeure.** Notwithstanding anything expressly or impliedly to the contrary contained herein, in the event Atmos is prevented, wholly or partially, from complying with any obligation or undertaking contained herein by reason of any event of force majeure, then, while so prevented, compliance with such obligations or undertakings shall be suspended. The term *force majeure*, as used herein, shall mean any cause not reasonably within Atmos's control and includes, but is not limited to, acts of God, strikes, lock-outs, wars, riots, orders or decrees of any lawfully constituted federal, state or local body, contagions or contaminations hazardous to human life or health, fires, storms, floods, wash-outs, explosions, breakages or accidents to machinery or lines of pipe, inability to obtain or the delay in obtaining rights-of-way, materials, supplies or labor permits, temporary failures of gas supply, or necessary repair, maintenance or replacement of facilities used in the performance of the obligations hereunder.
13. **Indemnity.** Atmos shall at all times indemnify and hold harmless Williamson County from and against any and all lawful claims for injury to any person or property by reason of the Atmos or its employees' failure to exercise due care and diligence in and about the installing and maintenance of Atmos's natural gas system within the County, guarding trenches and excavation while said system is being installed or subsequent extensions, repairs or alterations are being made or generally in the operation and maintenance of said system, provided the Atmos shall have been notified in writing of any claim against Williamson County, and shall have been afforded the opportunity to defend same.
14. **Rules and Regulations.** This License may from time to time be subject to rules and regulations adopted by any regulatory body having jurisdiction thereof during the term of this License and may also be subject to all rules and regulations adopted and approved by the TRA, Williamson County or any other regulatory body. If considered appropriate by Williamson County, such rules and regulations may become a part of this License by resolution duly adopted and approved by the governing body of Williamson County in accordance with applicable law. Notwithstanding anything herein contained to the contrary, Atmos shall not be obligated or required to make any extension of distribution mains or service lines except in accordance with the provisions relating thereto adopted or approved by the TRA, or any other regulatory body having jurisdiction thereof during the term of this License.
15. **TRA Approval.** The parties hereto acknowledge that this License is subject to approval by the TRA. Atmos shall be responsible for seeking such approval and shall pursue the approval hereof through all administrative and appellate levels.
16. **Invalidity.** If any term, provision or condition of this License shall hereafter be declared or determined by any court of competent authority to be invalid or is not approved by the TRA, the parties, at their election, may ratify or conform the remaining provisions, terms or conditions hereof and, upon such ratification or confirmation, the remaining portions of this License shall remain in full force and effect. If the price for the License Agreement, or any portion thereof, is not approved by the TRA or declared by any court of competent jurisdiction to be declared to be invalid or uncollectible by Williamson County, then the parties agree to amend this License to provide an alternative measure of compensation to

Williamson County which yields an equivalent or approximate equivalent amount of compensation to Williamson County.

17. **Law Governing.** This License shall be interpreted and construed in accordance with the laws of the State of Tennessee.

18. **Compliance with Laws.** Atmos agrees to comply with any and all applicable federal, state and local laws and regulations. Atmos shall not subscribe to any personnel policy which permits or allows for the promotion, demotion, employment, dismissal or laying off of any individual due to race, creed, color, national origin, age, sex, or which is in violation of applicable laws concerning the employment of individuals with disabilities.

19. **Maintenance of Records.** The books, records, and documents of Atmos, insofar as they relate to work performed or money received under the License Agreement, shall be maintained for a period of three (3) full years from the date of final payment and will be subject to audit, at any reasonable time and upon reasonable notice by County or its duly appointed representatives. The records shall be maintained in accordance with generally accepted accounting principles.

20. **Modification of License Agreement.** This License Agreement may be modified only by written amendment executed by all parties and their signatories hereto.

21. **Partnership/Joint Venture.** Nothing herein shall in any way be construed or intended to create a partnership or joint venture between the parties or to create the relationship of principal and agent between or among any of the parties. None of the parties hereto shall hold itself out in a manner contrary to the terms of this paragraph. No party shall become liable for any representation, act or omission of any other party contrary to the terms of this paragraph.

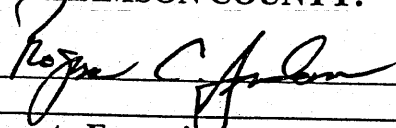
22. **Waiver.** No waiver of any provision of this License Agreement shall affect the right of any party thereafter to enforce such provision or to exercise any right or remedy available to it in the event of any other default.

23. **Insurance.** During the term of this Contract, Atmos shall, at its own cost and expense, maintain Comprehensive General Liability Insurance. A certificate of insurance, in a form satisfactory to County, evidencing said coverage shall be provided to County prior to commencement of performance of this Contract. Such policies or policies shall be in the minimum amount of Two Million Dollars (\$2,000,000.00) for bodily injury or death to one person, and Two Million Dollars (\$2,000,000.00) for bodily injury or death of any two or more persons resulting from one occurrence, Two Million Dollars (\$2,000,000.00) for property damage resulting from one accident, Two Million Dollars (\$2,000,000.00) for excess commercial liability, and Two Million Dollars (\$2,000,000.00) for workers' compensation employer liability. Atmos shall provide any additional workers' compensation coverage in accordance with applicable law. Such policies shall be non-cancelable except upon thirty (30) days prior written notice to the County. Throughout the term of this

contract, Atmos shall provide an updated certificate of insurance upon expiration of the current certificate.

24. **Attorney Fees.** Atmos agrees that, in the event Williamson County deems it necessary to take legal action to enforce any provision of the License Agreement, and in the event County prevails, Atmos shall pay all expenses of such action including County's attorney fees and costs at all stages of the litigation.
25. **Assignment—Consent Required.** The provisions of this License Agreement shall inure to the benefit of and shall be binding upon the respective successors and assignees of the parties hereto. Neither this License Agreement nor any of the rights and obligations of Atmos hereunder shall be assigned or transferred in whole or in part without the prior written consent of County. Any such assignment or transfer shall not release Atmos from its obligations hereunder.
26. **Venue.** Any action between the parties arising from this agreement shall be maintained in the courts of Williamson County, Tennessee.
27. **Effective Date.** This License Agreement shall not be binding upon the parties until it has been signed first by Atmos and then by the authorized representatives of the Williamson County and has been filed in the office of the County Executive. When it has been so signed and filed, this contract shall be effective as of the date first written above.
28. **Entire Agreement.** This License reflects the complete agreement between the parties and supersedes all prior oral and written understandings with respect to the subject matter hereof. This License may only be amended or modified in writing signed by both parties hereto and approved and ratified by the governing body of Williamson County.
29. **Successors and Assigns.** All the privileges given and obligations created by this License shall be binding upon the successors and assigns of Atmos.

DATED AND EFFECTIVE as of the last date written below.

<b>WILLIAMSON COUNTY:</b> 	<b>ATMOS ENERGY CORPORATION:</b>
County Executive	BY: <u>Thomas R. Blose, Jr.</u>
APPROVED AS TO INSURANCE:	Name: <u>THOMAS R. BLOSE, JR.</u>
<u>Wayne Franklin</u> Risk Management	Title: <u>PRESIDENT, MID-STATES DIVISION</u>
APPROVED AS TO FORM AND LEGALITY:	Sworn to and subscribed to before me, a Notary Public, this <u>4th</u> day of <u>June</u> , 200 <u>3</u> , by
<u>Robert Schaeffer</u> County Attorney	<u>THOMAS R. BLOSE, JR.</u> , the
FILED IN THE OFFICE OF THE COUNTY EXECUTIVE:	<u>PRESIDENT</u> of Atmos and duly authorized to execute this instrument on Atmos's behalf.
Date: <u>7/8/03</u>	<u>Lesa P. Overton</u> Notary Public My Commission Expires <u>11-29-2003</u>



ATMOS:

ATMOS ENERGY CORPORATION

By: Thomas R. Blase, Jr.  
Name: THOMAS R. BLASE, JR.  
Title: PRESIDENT, MID-STATES DIVISION  
Date: June 4, 2003

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# ACORD™ CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YY)  
06/23/03

## PRODUCER

Aon Risk Services of Texas, Inc.  
CityPlace Center East  
2711 North Haskell Avenue  
Suite 800  
Dallas TX 75204 USA

PHONE - (214) 989-0000

FAX - (214) 989-2580

## INSURED

Atmos Energy/Mid-States Division  
P.O. Box 650205  
Dallas TX 75265 USA

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY  
AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS  
CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE  
COVERAGE AFFORDED BY THE POLICIES BELOW.

## INSURERS AFFORDING COVERAGE

INSURER A Energy Insurance Mutual, Ltd.  
INSURER B Travelers Indemnity Co Of Ct  
INSURER C  
INSURER D  
INSURER E

**COVERAGES** This Certificate is not intended to specify all endorsements, coverages, terms, conditions and exclusions of the policies shown. SIR May Apply

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN. THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
	<b>GENERAL LIABILITY</b> <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC				EACH OCCURRENCE FIRE DAMAGE (Any one fire) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG
	<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON OWNED AUTOS				COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)
	<b>GARAGE LIABILITY</b> <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT OTHER THAN AUTO ONLY EA ACC AGG
A	<b>EXCESS LIABILITY</b> <input type="checkbox"/> OCCUR <input checked="" type="checkbox"/> CLAIMS MADE  <input type="checkbox"/> DEDUCTIBLE <input checked="" type="checkbox"/> RETENTION	501090-00GL EIM Excess Liab.	10/01/02	10/01/03	EACH OCCURRENCE \$100,000,000 AGGREGATE \$100,000,000
B	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b>	TC2JUB221T9147-02 Workers Compensation	10/01/02	10/01/03	<input checked="" type="checkbox"/> WC STATU-TORY LIMITS <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE-POLICY LIMIT \$1,000,000 E.L. DISEASE-EA EMPLOYEE \$1,000,000
	<b>OTHER</b>				

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS

**COPY**

## CERTIFICATE HOLDER

Williamson County, Tennessee  
1320 West Main Street, Suite 125  
Franklin TN 37064 USA

## CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES

AUTHORIZED REPRESENTATIVE

*Marshall Hall*

ACORD 25-S (7/97)

ertificate No :

570006481274

Holder Identifier :

ACORD CORPORATION 1988

Form A

Certificate Number: 0368

**ASSOCIATED ELECTRIC & GAS INSURANCE SERVICES LIMITED**  
Hamilton, Bermuda**CERTIFICATE OF INSURANCE**  
(Excess Liability)

This Certificate is furnished to the Certificate Holder named below as a matter of information only. Neither this Certificate nor the issuance hereof makes the Certificate Holder an additional Insured under the policy of insurance identified below (the "Policy") or modifies the Policy in any manner. The Policy terms are solely as stated in the Policy or in any endorsement thereto. Any amendment, change or extension of the Policy can only be effected by a specific endorsement issued by the Company and attached to the Policy.

The undersigned hereby certifies that the Policy has been issued by Associated Electric & Gas Insurance Services Limited (the "Company") to the Named Insured identified below for the coverage described and for the policy period specified.

Notwithstanding any requirements, terms or conditions of any contract or other document with respect to which this Certificate may be issued or to which it may pertain, the insurance afforded by the Policy is subject to all of the terms of the Policy.

NAME OF INSURED: Atmos Energy Corporation

PRINCIPAL ADDRESS: P O Box 650205 Dallas, TX 75265

POLICY NUMBER: X0300A1A99      POLICY From: October 1, 2002  
PERIOD: To: October 1, 2003

RETROACTIVE DATE: October 1, 1986

DESCRIPTION OF COVERAGE: Claims-First-Made Excess Liability Policy.

LIMIT OF LIABILITY: applicable. \$35,000,000 per occurrence and in the aggregate, where

DESCRIPTION  
OF OPERATIONS:

Should the Policy be cancelled, assigned or changed in a manner that is materially adverse to the Insured(s) under the Policy, the undersigned will endeavor to give 30 days advance written notice thereof to the Certificate Holder, but failure to give such notice will impose no obligation or liability of any kind upon the Company, the undersigned or any agent or representative of either.

DATE: June 24, 2003

ISSUED TO: WILLIAMSON COUNTY, TN

ADDRESS: 1320 WEST MAIN STREET, SUITE 125  
FRANKLIN, TN 37064

**COPY**


"Certificate Holder")

By: for Henry  
AEGIS INSURANCE SERVICES, INC.  
At Jersey City, New Jersey

STATE OF TENNESSEE

COUNTY OF WASHINGTON

I, Janet Jennings, Interim City Recorder of the City of Johnson City, Tennessee do hereby certify that the attached is a true and correct copy of Ordinance No. 3869-03 "AN ORDINANCE TO AMEND ORDINANCE NUMBER 2726 AND ORDINANCE NUMBER 3511, WHICH ORDINANCES GRANTED TO UNITED CITIES GAS COMPANY, ITS SUCCESSORS AND ASSIGNS, THE RIGHT AND FRANCHISE TO USE AND OCCUPY THE STREETS, AVENUES, ROADS, LANES, PARKS AND OTHER PUBLIC PLACES AND RIGHTS OF WAY OF THE CITY OF JOHNSON CITY, TENNESSEE, FOR CONSTRUCTING, MAINTAINING, RENEWING, REPAIRING AND/OR OPERATING A GAS WORKS AND/OR DISTRIBUTION SYSTEM, AND OTHER NECESSARY MEANS FOR MANUFACTURING, TRANSMITTING, DISTRIBUTING AND/OR SELLING NATURAL GAS WITHIN AND/OR THROUGH THE CITY OF JOHNSON CITY, TENNESSEE, BY INCREASING THE FEES FOR SAID FRANCHISE AND EXTENDING THE TERM THEREOF FOR A PERIOD OF 25 YEARS FROM THE DATE OF THE PASSAGE OF THIS ORDINANCE ON THE THIRD AND FINAL READING, AND OTHERWISE MAINTAINING THE AFORESAID ORDINANCE NUMBER 2726 AND ORDINANCE NUMBER 3511 IN FULL FORCE AND EFFECT TO THE EXTENT THAT THEY ARE NOT INCONSISTENT WITH THIS ORDINANCE", adopted the 17<sup>th</sup> day of July, 2003 in regularly scheduled meeting of the Board of Commissioners of the City of Johnson City, Witness my hand and official seal of the City of Johnson City, Tennessee this the 25<sup>nd</sup> day of August 2003.

  
Janet Jennings  
Interim City Recorder

SEAL

ORDINANCE NO. 3869-03

AN ORDINANCE TO AMEND ORDINANCE NUMBER 2726 AND ORDINANCE NUMBER 3511, WHICH ORDINANCES GRANTED TO UNITED CITIES GAS COMPANY, ITS SUCCESSORS AND ASSIGNS, THE RIGHT AND FRANCHISE TO USE AND OCCUPY THE STREETS, AVENUES, ROADS, LANES, PARKS AND OTHER PUBLIC PLACES AND RIGHTS OF WAY OF THE CITY OF JOHNSON CITY, TENNESSEE, FOR CONSTRUCTING, MAINTAINING, RENEWING, REPAIRING AND/OR OPERATING A GAS WORKS AND/OR DISTRIBUTION SYSTEM, AND OTHER NECESSARY MEANS FOR MANUFACTURING, TRANSMITTING, DISTRIBUTING AND/OR SELLING NATURAL GAS WITHIN AND/OR THROUGH THE CITY OF JOHNSON CITY, TENNESSEE, BY INCREASING THE FEES FOR SAID FRANCHISE AND EXTENDING THE TERM THEREOF FOR A PERIOD OF 25 YEARS FROM THE DATE OF THE PASSAGE OF THIS ORDINANCE ON THE THIRD AND FINAL READING, AND OTHERWISE MAINTAINING THE AFORESAID ORDINANCE NUMBER 2726 AND ORDINANCE NUMBER 3511 IN FULL FORCE AND EFFECT TO THE EXTENT THAT THEY ARE NOT INCONSISTENT WITH THIS ORDINANCE.

WHEREAS, Ordinance Number 2726 of the City of Johnson City, Tennessee, which ordinance was passed on third and final reading by the Board of Commissioners of the City of Johnson City on July 7, 1988, granted to United Cities Gas Company, its successors and assigns, certain franchise rights as recited in the caption of this ordinance hereinabove and set certain fees for that franchise; and

WHEREAS, this Ordinance amends Ordinance Number 3511 to the extent said ordinance increases the franchise fee over the rate of three (3%) percent per annum; and

WHEREAS, The City and Grantee have renegotiated the franchise fee pursuant to Section 6 of the aforementioned Ordinance Number 2726 and have agreed to quarterly franchise fee payments and to extend the term of the franchise for a total term of 25 years from the date of passage on third and final reading of this Ordinance by the Board of Commissioners of the City of Johnson City; and

WHEREAS, The City and the Grantee recognize that this amendment to the franchise is subject to approval by the TRA which will be sought upon final passage.

BE IT ORDAINED BY THE CITY OF JOHNSON CITY as follows:

SECTION I. Section 6 of Ordinance No. 2726 of the City of Johnson City is hereby amended in its entirety and shall now provide as follows:

(a) Effective on passage of this Ordinance after third and final reading, the Grantee shall pay to the City during the term of this franchise a franchise fee of three percent (3%) of the annual gross revenue of natural gas sales made, billed and collected by the Grantee on all classes of customers who are located within the City limits. Subject to the approval of the Tennessee Regulatory Authority, said franchise fee provided for herein may be modified annually at the election of the City throughout the term of this franchise. After any modification of the franchise fee, the Grantee or its successors and assigns will promptly petition

the Tennessee Regulatory Authority for the approval of any new fee arrived at between the City and Grantee.

(b) Said franchise fee shall be paid to the City on a quarterly basis by the Grantee or its successors and assigns. In the event, the Grantee shall fail to pay said sum so stipulated, the City reserves the right to revoke this franchise if said amount that is due and payable is not paid within a period of sixty (60) days after written notice of such delinquency to Grantee.

(c) The City shall have access at all reasonable times to the books of the Company for the purpose of ascertaining the amount of the franchise fee due the City, and may audit said records on an annual basis. The City is responsible for sending to the Grantee on a quarterly basis documentation which would provide the names and addresses of any customers of the Grantee who were annexed and/or deannexed by the City so that the Grantee may apply the franchise fee to any of its customers who are annexed or remove the franchise fee from any customers who are deannexed by the City.

SECTION II. BE IT FURTHER ORDAINED that the term of the franchise shall be extended so that the term will be 25 years from the date of passage of this Ordinance on third and final reading.

SECTION III. BE IT FURTHER ORDAINED that to the extent it is not inconsistent with this Ordinance, the aforementioned Ordinance Number 2726 shall be and is hereby maintained in

full force and effect and that Ordinance Number 3511 is superseded to the extent it purports to increase the franchise fee over the rate of three (3%) percent of annual gross revenue.

SECTION IV. BE IT FURTHER ORDAINED that inasmuch as the terms of this ordinance have been produced by negotiations between the City of Johnson City and the Grantee, Atmos Energy, and are acceptable to both parties, both parties agree that the Grantee shall take immediate steps to present this ordinance to and seek the approval of the Tennessee Regulatory Commission for its approval of the franchise fee.

SECTION V. BE IT FURTHER ORDAINED that the Grantee shall indicate its acceptance by filing an acceptance in writing with the City Recorder of the City of Johnson City, Tennessee, substantially in the following form:

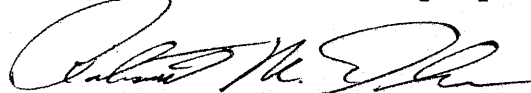
"On this the 22 day of August, 2003, the Atmos Energy hereby signifies its acceptance of the terms of the Ordinance passed on third and final reading on the 17 day of July, 2003 entitled: AN ORDINANCE TO AMEND ORDINANCE NUMBER 2726 AND ORDINANCE NUMBER 3511, WHICH ORDINANCES GRANTED TO UNITED CITIES GAS COMPANY, ITS SUCCESSORS AND ASSIGNS THE RIGHT AND FRANCHISE TO USE AND OCCUPY THE STREETS, AVENUES, ROADS, LANES, PARKS AND OTHER PUBLIC PLACES AND RIGHTS OF WAY OF THE CITY OF JOHNSON CITY, TENNESSEE FOR CONSTRUCTING, MAINTAINING, RENEWING, REPAIRING AND/OR OPERATING A GAS WORKS AND/OR DISTRIBUTION SYSTEM, AND OTHER NECESSARY MEANS FOR MANUFACTURING, TRANSMITTING, DISTRIBUTING AND/OR SELLING NATURAL GAS WITHIN AND/OR THROUGH THE CITY OF JOHNSON CITY, TENNESSEE, BY INCREASING THE FEES FOR SAID FRANCHISE



AND EXTENDING THE TERM THEREOF FOR A PERIOD OF 25 YEARS FROM THE DATE OF PASSAGE OF THIS ORDINANCE ON THE THIRD AND FINAL READING, AND OTHERWISE MAINTAINING THE AFORESAID ORDINANCE NUMBER 2726 AND ORDINANCE NUMBER 3511 IN FULL FORCE AND EFFECT TO THE EXTENT THAT THEY ARE NOT INCONSISTENT WITH THIS ORDINANCE."

SECTION VI. BE IT FURTHER ORDAINED that this Ordinance shall be in full force and effect from and after its passage on third and final reading, published as required by law, the public welfare requiring it, and its acceptance by the Grantee.

Accepted for the Company:



*Vice President*

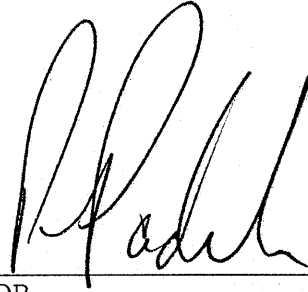
(Title)

PASSED IN OPEN, PUBLIC MEETING  
ON THE FIRST READING 06/19/03

PASSED IN OPEN PUBLIC MEETING  
ON THE SECOND READING 07/03/03

PASSED IN OPEN, PUBLIC MEETING  
ON THE THIRD READING 07/17/03

APPROVED AND SIGNED IN OPEN  
MEETING ON THE 17<sup>th</sup> DAY OF  
July, 2003,  
FOLLOWING PASSAGE ON THIRD  
READING

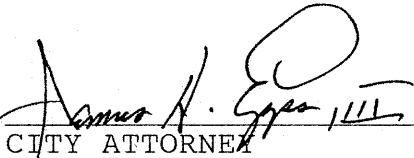


MAYOR

ATTEST:

  
CITY RECORDER

APPROVED AS TO FORM:

  
CITY ATTORNEY